

**QATAR FUEL COMPANY
(WOQOD) Q.S.C.**

**CONDENSED CONSOLIDATED
INTERIM FINANCIAL STATEMENTS**

**AS AT AND FOR THE SIX MONTH PERIOD ENDED
30 JUNE 2017**

Qatar Fuel Company (WOQOD) Q.S.C.

Condensed consolidated interim financial statements

As at and for the six month period ended 30 June 2017

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Independent auditor's report on review of condensed consolidated interim financial statements to the Board of Directors of Qatar Fuel Company (WOQOD) Q.S.C.

Introduction

We have reviewed the accompanying condensed consolidated statement of financial position of Qatar Fuel Company (WOQOD) Q.S.C. (the "Group") as at 30 June 2017, the condensed consolidated statements of profit or loss, condensed consolidated statements of profit or loss and other comprehensive income, changes in equity and cash flows for the six month period then ended, and notes to the consolidated interim financial information.

The Board of Directors is responsible for the preparation and presentation of this condensed interim financial information in accordance with IAS 34, "Interim Financial Reporting". Our responsibility is to express a conclusion on this condensed consolidated interim financial information based on our review.

Scope of Review

We conducted our review in accordance with the International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed consolidated interim financial statements as at 30 June 2017 are not prepared, in all material respects, in accordance with IAS 34, "Interim Financial Reporting".

Emphasis of matter

Without qualifying our opinion, we draw attention to note 18 of the condensed consolidated interim financial statements, which describes the fact that the Group has an outstanding exposure against one of the suppliers. These amounts have been disputed by the Group. Management is of the view that no provisions are needed against this exposure in the condensed consolidated interim financial statements.

10 August 2017
Doha
State of Qatar

Yacoub Hobeika
KPMG
Audit Registration Number 289
Licensed by QFMA : External Auditor's
License No. 120153

QATAR FUEL COMPANY (WOQOD) Q.S.C.

Condensed consolidated statement of financial position At 30 June 2017

In Qatari Riyals

	Note	30 June 2017 (Reviewed)	31 December 2016 (Audited)
ASSETS			
Non-current assets			
Property, plant and equipment	5	1,752,427,832	1,769,515,698
Investment properties		897,361,624	913,406,962
Available for sale financial assets	6	1,614,122,448	1,667,535,867
Goodwill	7	132,935,132	132,935,132
Total non-current assets		4,396,847,036	4,483,393,659
Current assets			
Inventories	8	343,732,743	280,495,030
Due from related parties	13 (b)	408,472,594	484,262,131
Trade receivables	9	2,140,251,692	2,328,107,287
Prepayments and other receivables		533,862,402	595,385,088
Cash and banks	10	2,640,729,468	3,168,034,796
Total current assets		6,067,048,899	6,856,284,332
TOTAL ASSETS		10,463,895,935	11,339,677,991
EQUITY AND LIABILITIES			
EQUITY			
Share capital	11	994,255,763	912,161,250
Legal reserve		493,385,042	456,080,625
General reserve		30,078,234	30,078,234
Fair value reserve		(61,514,900)	125,568,778
Retained earnings		5,115,185,789	5,500,053,424
Equity attributable to equity holders of the parent		6,571,389,928	7,023,942,311
Non – controlling interests		227,292,882	258,495,739
TOTAL EQUITY		6,798,682,810	7,282,438,050
LIABILITIES			
Non-current liabilities			
Employees' end of service benefits		180,375,364	136,412,116
Total non-current liabilities		180,375,364	136,412,116
Current liabilities			
Trade and other payables		551,190,846	497,788,536
Due to related parties	13 (c)	2,933,646,915	3,423,039,289
Total current liabilities		3,484,837,761	3,920,827,825
TOTAL LIABILITIES		3,665,213,125	4,057,239,941
TOTAL EQUITY AND LIABILITIES		10,463,895,935	11,339,677,991

These condensed consolidated interim financial statements were approved by the Board of Directors and signed on its behalf by the following on 10 August 2017:


Ahmad Saif Al-Sulaiti

Chairman


Saad Rashid Al-Muhammadi

Chief Executive Officer


Saeed Rashid Al-Kaabi

Acting Chief Financial Officer

The notes on pages 7 to 16 form an integral part of these condensed consolidated interim financial statements.

QATAR FUEL COMPANY (WOQOD) Q.S.C.

Condensed consolidated statement of profit or loss
For the six month period ended 30 June 2017

In Qatari Riyals

	Note	For the six month period ended 30 June	
		2017 (Reviewed)	2016 (Reviewed)
Revenue	14	7,946,490,559	6,230,144,475
Direct cost		(7,331,167,028)	(5,632,664,407)
Gross profit		615,323,531	597,480,068
General and administrative expenses		(726,741,688)	(581,410,451)
Other income		551,553,001	569,130,755
Net profit for the period		440,134,844	585,200,372
Attributable to:			
Owners of the company		373,044,170	540,367,990
Non-controlling interest		67,090,674	44,832,382
Net profit for the period		440,134,844	585,200,372
Basic earnings per share	15	3.75	5.43

The notes on pages 7 to 16 form an integral part of these condensed consolidated interim financial statements.

QATAR FUEL COMPANY (WOQOD) Q.S.C.

Condensed consolidated statement of profit or loss and other comprehensive income For the six month period ended 30 June 2017

In Qatari Riyals

	For the six month period ended 30 June	
	2017	2016
	(Reviewed)	(Reviewed)
Net profit for the period	440,134,844	585,200,372
Other comprehensive income		
<i>Items that are or may be reclassified subsequently to profit or loss</i>		
Net change in fair value of available for sale financial assets	(193,463,230)	(90,737,991)
Other comprehensive loss for the period	(193,463,230)	(90,737,991)
Total comprehensive income for the period	246,671,614	494,462,381
Attributable to:		
Owners of the company	185,960,492	453,723,866
Non-controlling interest	60,711,122	40,738,515
	246,671,614	494,462,381

The notes on pages 7 to 16 form an integral part of these condensed consolidated interim financial statements.

QATAR FUEL COMPANY (WOQOD) Q.S.C.

Condensed consolidated statement of changes in equity For the six month period ended 30 June 2017

In Qatari Riyals

	Attributable to the owners of the Company						Non-controlling interests	Total	Total Equity
	Share capital	Legal reserve	General reserve	Fair value reserve	Retained earnings				
Balance at 1 January 2017 (Audited)	912,161,250	456,080,625	30,078,234	125,568,778	5,500,053,424		258,495,739	7,023,942,311	7,282,438,050
<i>Total comprehensive income for the period:</i>									
Net profit for the period	-	-	-	-	373,044,170		67,090,674	373,044,170	440,134,844
Other comprehensive income for the period	-	-	-	(187,083,678)	-		(6,379,552)	(187,083,678)	(193,463,230)
Total comprehensive income for the period	-	-	-	(187,083,678)	373,044,170		60,711,122	185,960,492	246,671,614
Bonus share issued	82,094,513	-	-	-	(82,094,513)		-	-	-
Cash dividends paid for 2016	-	-	-	-	(638,512,875)		-	(638,512,875)	(638,512,875)
Transfer to legal reserve	-	37,304,417	-	-	(37,304,417)		-	-	-
Dividends paid to non-controlling interest by a subsidiary company	-	-	-	-	-		(91,913,979)	(91,913,979)	(91,913,979)
Balance at 30 June 2017 (Reviewed)	994,255,763	493,385,042	30,078,234	(61,514,900)	5,115,185,789		227,292,882	6,571,389,928	6,798,682,810
Balance at 1 January 2016 (Audited)	844,593,750	428,250,269	30,078,234	1,669,059	5,630,043,950		274,987,562	6,934,635,262	7,209,622,824
Effect of restatement	-	-	-	136,892,799	(133,193,423)		(3,699,376)	3,699,376	-
Balance at 1 January 2016 (Restated)	844,593,750	428,250,269	30,078,234	138,561,858	5,496,850,527		271,288,186	6,938,334,638	7,209,622,824
<i>Total comprehensive income for the period:</i>									
Net profit for the period	-	-	-	-	540,367,990		44,832,382	540,367,990	585,200,372
Other comprehensive income for the period	-	-	-	(86,644,124)	-		(4,093,867)	(86,644,124)	(90,737,991)
Total comprehensive income for the period	-	-	-	(86,644,124)	540,367,990		40,738,515	453,723,866	494,462,381
Transfer to legal reserve	-	27,830,356	-	-	(27,830,356)		-	-	-
Bonus shares issued	67,567,500	-	-	-	(67,567,500)		-	-	-
Cash dividends paid for 2015	-	-	-	-	(692,566,875)		-	(692,566,875)	(692,566,875)
Dividends paid to non-controlling interest by a subsidiary company	-	-	-	-	-		(100,000,000)	(100,000,000)	(100,000,000)
Balance at 30 June 2016 (Reviewed)	912,161,250	456,080,625	30,078,234	51,917,734	5,249,253,786		212,026,701	6,699,491,629	6,911,518,330

The notes on pages 7 to 16 form an integral part of these condensed consolidated interim financial statements.

QATAR FUEL COMPANY (WOQOD) Q.S.C.

Condensed consolidated statement of cash flows For the six month period ended 30 June 2017

In Qatari Riyals

Note	For the six month period ended 30 June	
	2017 (Reviewed)	2016 (Reviewed)
CASH FLOWS FROM OPERATING ACTIVITIES		
Net profit for the period	440,134,844	585,200,372
Adjustments for:		
Depreciation on property, plant and equipment	104,218,183	91,257,398
Depreciation on investment properties	16,045,338	24,048,536
Impairment of property, plant and equipment	-	11,160,882
(Reverse)/Impairment for slow moving inventories	(59,887,104)	35,021,876
Impairment for bad and doubtful debts	34,158,820	-
Impairment for available for sale financial assets	51,613,769	-
Provision for employees' for end of service benefits	51,560,336	12,469,700
Gain on sale of available for sale financial assets	(4,307,073)	(16,517,858)
Dividends income	(63,078,863)	(70,363,690)
Interest income	(24,769,175)	(17,072,757)
	<u>545,689,075</u>	<u>655,204,459</u>
Changes in:		
- Inventories	(3,350,609)	(6,532,156)
- trade receivable and prepayments	215,219,461	(256,976,118)
- due from related parties	75,789,537	(96,628,214)
- due to related parties	(489,392,374)	787,157,372
- trade and other payables	53,402,310	32,511,783
Cash generated from operating activities	<u>397,357,400</u>	<u>1,114,737,126</u>
Employees' end of service benefits paid	(7,597,088)	(3,365,573)
Interest received	24,769,175	17,072,757
Net cash from operating activities	<u>414,529,487</u>	<u>1,128,444,310</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sale of property, plant and equipment	13,669,997	-
Proceeds from sale of available for sale investments	89,440,047	107,344,792
Purchase of property, plant and equipment	(100,800,314)	(214,647,185)
Dividends received	63,078,863	70,363,690
Purchase of available-for-sale investments	(276,796,554)	(375,995,428)
Net cash used in investing activities	<u>(211,407,961)</u>	<u>(412,934,131)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Dividends paid	(638,512,875)	(692,566,875)
Dividends paid to non-controlling interest	(91,913,979)	(100,000,000)
Net cash used in financing activities	<u>(730,426,854)</u>	<u>(792,566,875)</u>
Net change in cash and cash equivalents	(527,305,328)	(77,056,696)
Cash and cash equivalents at 1 January	<u>3,168,034,796</u>	<u>2,400,286,929</u>
Cash and cash equivalents at 30 June	<u>2,640,729,468</u>	<u>2,323,230,233</u>
Non cash transactions		
Change in fair value reserve for available for sale assets	<u>193,463,230</u>	<u>(90,737,991)</u>
Bonus shares distributed during the period	<u>82,094,513</u>	<u>67,567,500</u>

The notes on pages 7 to 16 form an integral part of these condensed consolidated interim financial statements.

QATAR FUEL COMPANY (WOQOD) Q.S.C.

Notes to the condensed consolidated interim financial statements

For the six month period ended 30 June 2017

1 Reporting entity

Qatar Fuel Q.S.C (WOQOD) (the "Group" or the "Parent") is a Qatari Public Shareholding Company formed in accordance with the Emiri Decree No 5 of 2002 on 10 February 2002 under the commercial registration No. 24872.

The principal activities of the Parent along with its subsidiaries ("the Group") are the sale, marketing and distribution of oil, gas and refined petroleum products, which are refined by and transferred from Qatar Petroleum, vehicle inspection services, marine bunkering, transportation activities of oil and gas between the ports and real estate services. The Group operates in the State of Qatar through its lines of business. The Group also established WOQOD International which is a Single Owner Company established to undertake foreign investments for the parent company. WOQOD Kingdom is a subsidiary of WOQOD International and has undertaken to establish petrol stations and commercial spaces in the Kingdom of Saudi Arabia.

Also the condensed consolidated interim financial statements include the financial information of the controlled subsidiaries listed below:

	Country	Group Effective Shareholding	
		2017	2016
Qatar Fuel Jet Company W.L.L.	Qatar	60%	60%
WOQOD Vehicle Inspection Company ("FAHES") W.L.L.	Qatar	100%	100%
WOQOD Marine Services Company W.L.L.	Qatar	100%	100%
WOQOD International Company W.L.L.	Qatar	100%	100%
WOQOD Kingdom Company W.L.L.	Kingdom of Saudi Arabia	100%	100%
Ard Al Khaleej Real Estate W.L.L.	Qatar	100%	100%
Sidra Al Ghariya Shipping Company	Republic of Liberia	100%	100%
Sidra Al Wajbah Shipping Company	Republic of Liberia	100%	100%
Sidra Al Zubarah Shipping Company	Republic of Liberia	100%	100%
Sidra Raslaffan Shipping Company	Republic of Liberia	100%	100%
Sidra Al Wakra Shipping Company	Republic of Liberia	100%	100%
Sidra Al Rumeila Shipping Company	Republic of Liberia	100%	100%
Sidra Messaied Shipping Company	Republic of Liberia	100%	100%
Sidra Qatar Shipping Company	Republic of Liberia	100%	-

The interim condensed consolidated financial statements of the Qatar Fuel Q.S.C (WOQOD) (the "Group" or the "Parent") and its subsidiaries (collectively, the Group) for the six month ended 30 June 2017 were authorised for issue in accordance with a resolution of the Board of Directors on 10 August 2017.

2 BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES

a) Statement of compliance

These condensed consolidated interim financial statements have been prepared in accordance with International Accounting Standards ("IFRS") IAS 34 "Interim Financial Reporting". The condensed consolidated interim financial statements are prepared in Qatar Riyals, which is the Group's presentation functional currency.

These condensed consolidated interim financial statements do not include all the information required for a complete set of IFRS financial statements. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Group's financial position and performance since the last annual financial statements as at and for the year ended 31 December 2016. In addition, the results for the six month period ended 30 June 2017 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2017.

QATAR FUEL COMPANY (WOQOD) Q.S.C.

Notes to the condensed consolidated interim financial statements For the six month period ended 30 June 2017

In Qatari Riyals

2. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

b) Use of Judgments and estimates

In preparing these condensed consolidated interim financial statements, Management make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates.

The significant judgements made by Management in applying the Group's accounting policies and key sources of estimation uncertainty were the same as those that applied to financial statements as at and for the year ended 31 December 2016.

3 SIGNIFICANT ACCOUNTING POLICIES

a) Basis of measurement

These condensed consolidated interim financial statements have been prepared under the historical cost basis except for available-for-sale financial assets which has been measured at fair value.

b) Significant accounting policies

The accounting policies applied in this condensed consolidated interim financial statements are the same as those applied in the Group's financial statements as at and for the year ended 31 December 2016, below are list of standards that still not yet effective.

- Disclosure Initiative (Amendments to IAS 7)
- IFRS 15 Revenue from Contracts with Customers
- IFRS 9 Financial Instruments.
- IFRS 16 Leases
- Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to IFRS 10 and IAS 28)

4 OPERATING SEGMENTS

The Group mainly operates in the areas of sale and distribution of refined petroleum products and technical inspection of vehicles. More than 95% of the Group's revenue is generated through sale and distribution of refined petroleum products.

The Company's geographical segment is inside Qatar only. An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. All operating segments' operating results are reviewed regularly by the Group's Management to make decisions about resources to be allocated to the segment and to assess its performance, and for which discrete financial information is available.

Segment results that are reported to the Chief Executive Officer include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly corporate assets (primarily the Group's headquarters) and head office expenses.

<i>Six months ended 30 June 2017 (Reviewed)</i>	<i>Refined petroleum products</i>	<i>Technical inspection of vehicles</i>	<i>Adjustment and eliminations</i>	<i>Consolidated</i>
Revenue	7,908,323,459	38,167,100	-	7,946,490,559
Inter-segment revenue	3,109,575,011	-	(3,109,575,011)	-
Total revenue	11,017,898,470	38,167,100	(3,109,575,011)	7,946,490,559
Reportable segment profit	559,338,375	17,490,777	(136,694,308)	440,134,844

QATAR FUEL COMPANY (WOQOD) Q.S.C.

Notes to the condensed consolidated interim financial statements For the six month period ended 30 June 2017

In Qatari Riyals

4. OPERATING SEGMENTS (CONTINUED)

<i>Six months ended 30 June 2016 (Reviewed)</i>	<i>Refined petroleum products</i>	<i>Technical inspection of vehicles</i>	<i>Adjustment and eliminations</i>	<i>Consolidated</i>
Revenue	6,190,559,181	39,585,294	-	6,230,144,475
Inter-segment revenue	2,064,347,030	-	(2,064,347,030)	-
Total revenue	<u>8,254,906,211</u>	<u>39,585,294</u>	<u>(2,064,347,030)</u>	<u>6,230,144,475</u>
Reportable segment profit	<u>714,900,712</u>	<u>19,307,621</u>	<u>(149,007,961)</u>	<u>585,200,372</u>

Reconciliation of profit

	<i>For six months ended 30 June</i>	
	<i>2017</i>	<i>2016</i>
Segment Profit	576,829,152	735,200,372
Inter-company dividend	(136,694,308)	(150,000,000)
	<u>440,134,844</u>	<u>585,200,372</u>

Assets and Liabilities of operating segments

<i>Six month period ended 30 June 2017 (Reviewed)</i>	<i>Refined petroleum products</i>	<i>Technical inspection of vehicles</i>	<i>Adjustment and eliminations</i>	<i>Consolidated 2017</i>
Segment assets	12,573,943,412	211,314,740	(2,321,362,217)	10,463,895,935
Segment liabilities	5,724,195,275	18,682,067	(2,077,664,217)	3,665,213,125
<i>Year ended 31 December 2016 (Audited)</i>	<i>Refined petroleum products</i>	<i>Technical inspection of vehicles</i>	<i>Adjustment and eliminations</i>	<i>Consolidated 2016</i>
Segment assets	13,826,104,118	192,081,241	(2,678,507,368)	11,339,677,991
Segment liabilities	6,453,032,200	16,939,353	(2,412,731,612)	4,057,239,941

QATAR FUEL COMPANY (WOQOD) Q.S.C.

**Notes to the condensed consolidated interim financial statements
For the six month period ended 30 June 2017**

In Qatari Riyals

5 PROPERTY, PLANT AND EQUIPMENT

	30 June 2017 (Reviewed)	31 December 2016 (Audited)
Cost		
At 1 January	2,968,006,469	2,729,366,648
Impact of correction of errors	-	(185,878,379)
At 1 January (Restated)	2,968,006,469	2,543,488,269
Additions	100,800,314	506,372,613
Disposals	(35,259,380)	(31,693,268)
Write off	-	(50,161,145)
At the end of period / year	3,033,547,403	2,968,006,469
Accumulated depreciation		
At 1 January	1,198,490,771	1,071,734,762
Impact of correction of errors	-	(20,510,811)
At 1 January (Restated)	1,198,490,771	1,051,223,951
Depreciation charges for the period / year	104,218,183	198,422,486
Disposals	(21,589,383)	(15,385,596)
Related to write off	-	(35,770,070)
At the end of period / year	1,281,119,571	1,198,490,771
Net carrying amount	1,752,427,832	1,769,515,698

- i. The Group has received Government grants in the form of transferring non-monetary assets (Six plots of land located in the state of Qatar), during the years 2005 and 2006 for no consideration, for the purpose of constructing and operating petrol stations on these plots; for which the title deeds have been transferred from the Ministry of Municipality and Urban Planning to the Group, however the Group elected to account for these plots of lands for which the title deeds have been transferred to the Group at nominal value of QR 1. Also as of 30 June 2017, the Group received a number of 11 plots of lands located in the State of Qatar from the Ministry of Municipality and Urban Planning, for the same purpose referred above for which title deeds have not been transferred yet from the Ministry of Municipality and Urban Planning.
- ii. The Group has eight vessels where they operate mainly in bunkering for Heavy Fuel Oil (HFO), Medium Gas Oil (MGO) and Diesel Light Gas Oil (LGO). In addition to the bunkering activities these vessels also operate for leasing under chartering agreements with major customers like Valencia and Kim Oil to transfer the oil between ports.

QATAR FUEL COMPANY (WOQOD) Q.S.C.

Notes to the condensed consolidated interim financial statements
For the six month period ended 30 June 2017

In Qatari Riyals

6 AVAILABLE FOR SALE FINANCIAL ASSETS

	30 June 2017 (Reviewed)	31 December 2016 (Audited)
Qatar Electricity and Water Company Q.S.C.	162,350,286	158,816,621
Qatar Gas Transport Company Q.S.C.	357,201,085	448,214,138
Industries Qatar Q.S.C.	10,389,295	29,770,299
Commercial Bank of Qatar Q.S.C.	54,382,410	39,850,586
Barwa Real Estate Company Q.S.C.	153,387,200	154,104,321
Qatar National Bank S.A.Q.	18,004,292	27,000,248
Ooredoo Q.S.C.	6,966,939	10,334,347
Al Khaleej Takaful Group Q.S.C.	20,864,914	25,936,331
Doha Bank Q.S.C.	57,388,261	70,430,750
Zad Holding Company Q.S.C.	33,006,629	35,319,322
Mesaieed Petrochemical Holding Company Q.S.C.	12,477,841	4,558,330
Qatar International Islamic Bank Q.S.C.	116,548,960	147,483,380
Qatar Islamic Bank Q.S.C.	14,309,803	-
Mazaiya Qatar Real Estate Development Q.S.C.	68,350,220	106,621,118
Al- Mannai Corporation Q.S.C.	51,086,114	49,640,906
Qatar National Navigation & Transport Q.S.C.	70,162,672	76,013,758
Investment in Sukuk	270,465,332	262,581,970
Qatar Industrial Manufacturing Company Q.S.C.	34,498,926	7,794,442
Al Meera (Q Invest)	30,669,402	13,065,000
Qatar National Cement Co. Q.S.C.	19,691,309	-
Qatar Gulf Warehousing Q.S.C.	21,000,553	-
Q-Invest - Air craft financing project	17,843,888	-
National Leasing	5,352,032	-
Masraf Al Rayan	7,665,884	-
Doha Insurance CO.	58,201	-
	1,614,122,448	1,667,535,867

Fair value hierarchy

The Group uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique.

Level 1: Quoted (unadjusted) prices in active markets for identical assets or liabilities;

Level 2: Other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly; and

Level 3: Techniques which use inputs which have a significant effect on the recorded fair values are not based on observable market data.

As at 30 June 2017 and 31 December 2016, the Group held the following classes of financial instruments measured at fair value:

Financial assets

	30 June 2017 (Reviewed)	Level 1	Level 2	Level 3
Available-for-sale financial assets	1,614,122,448	1,614,122,448	-	-
	31 December 2016 (Audited)	Level 1	Level 2	Level 3
Available-for-sale financial assets	1,667,535,867	1,667,535,867	-	-

During the period/year ended 30 June 2017 and 31 December 2016, there were no transfers between Level 1 and Level 2 fair value measurements, and no transfers into and out of Level 3 fair value measurements.

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6 AVAILABLE FOR SALE FINANCIAL ASSETS (CONTINUED)

Impairment of available for sale financial assets

The Group assesses at each reporting date whether there is objective evidence that an investment or a group of investments is impaired. In the case of equity investments classified as available-for-sale, objective evidence would include a significant or prolonged decline in the fair value of the investment below its cost. The determination of what is 'significant' or 'prolonged' requires judgement. 'Significant' is evaluated against the original cost of the investment and 'prolonged' against the period in which the fair value has been below its original cost.

7 GOODWILL

	30 June 2017 (Reviewed)	31 December 2016 (Audited)
Relating to Qatar Jet Fuel Company W.L.L. (Q-Jet)	57,700,022	57,700,022
Relating to Woqod Vehicles Inspection Company W.L.L. (Fahes)	75,235,110	75,235,110
	<u>132,935,132</u>	<u>132,935,132</u>

As on 31 December 2016, the Group calculated an internal evaluation to assess and identify the instance of any indication of impairment on goodwill. The evaluation mainly on financial data of the subsidiaries and took into account the business environment in which the subsidiaries operate. Based on this exercise management concluded that there were no indications of impairment that warrant a full impairment review. The Group had previously undertaken an impairment review of the goodwill as on 31 December 2012. Based on this review, the recoverable amounts of the subsidiaries, Qatar Jet Fuel Company and Fahes, which are the cash-generating units to which the goodwill was allocated, have been determined based on value in use calculation using cash flow projections. The associated assumptions are summarized as follows;

- The valuation date is 31 December 2012.
- Continuity of local market circumstances and the expected normal rate of growth.
- Reliance on estimated revenues, expenses and cash flows for the years 2015 – 2018 provided by management.
- Management relied on the CAPM to define the cost of equity. Historical risk free rate accounted for 5.5% up to 7%, as per the seventh issue of the Government bond that matured in 2010. On the other hand, management forces more lenient measures to be addressed in the interest market of Qatar and predict the expected risk free rate to be 5.5%, and the prices of Government bond to be around 3.25% and it will increase during the next period, but it will not exceed 5.5% during the next 5 years.
- The market risk of Qatar is 8% which indicate that market risk can account for up to 13.5%.
- The pricing technique used for evaluating the business of Q-Jet is the earning cash flow approach and that of Fahes is the constant growth model.
- A key assumption for the value in use calculations was the discount rate represented in the Group's weighted average cost of capital (WACC) used in the calculation of the present value of the free cash flow from operation is 9% for Q-Jet and 11% for Fahes.
- The value of equity using the above mentioned approaches amounted to QR 754 million for Q-Jet and QR 214 million for Fahes.
- The major source of information are the audited financial statements for the year ended December 2010 to 31 December 2012 and the unaudited financial statements for the year ended 31 December 2013.

Projections for Q-Jet for the year 2017 have been derived from the following assumptions

- The annual growth rate of Q-Jet is 10.5% for each and every year of projection, as the price is derived through the summation of three factors mentioned hereinafter,
 - a) Assumed petrol price is the Arab Gulf (MOPAG) (in USD cents per gallons). This is assumed to increase at an annual growth rate of 5% every year.
 - b) Premium charged by QP (in US cents per gallon). This assumed to remain stable at 10.25 cent/gallon.
 - c) Gross margin (in US cents per gallon). This assumed to remain stable at 15 cents/gallon.
- Other income include interest income which is calculated as 2% of the expected average bank balances per annum and miscellaneous income which is assumed to be QR 75,000 per annum and the government subsidy.

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7 GOODWILL (CONTINUED)

Projections for Q-Jet for the year 2017 have been derived from the following assumptions (continued)

- Cash expenses include manpower and related costs and other cash expenses each of which are assumed to increase annually by 3%.
- Projection for management fee is based on management fee agreement, by which Qatar Fuel Company Q.S.C. ("the parent") is entitled to receive fees from Q-Jet for the provision of management services at 3% of the yearly net profit before the management fee.
- Employee profit share has been assumed to be QR 850, for the year 2015 and 2016 based on an average of the historical periods/ years.

Projections for Fahes for the year 2017 have been derived from the following assumptions

- Sales revenues are assumed to increase at an annual growth rate of 6% which is based on the historical growth in the sales revenue.
- All expenses, including man power costs, and other expenses are expected to increase at an annual growth rate of 8% as per the management expectation for the year 2017.

Sensitivity to changes in assumptions

With regard to the assessment of value in use of the cash generating units, the management believes that no reasonably possible change in any of the above key assumptions would cause the carrying value of the unit to materially exceed its recoverable amount.

The management concluded from this review and the use of the above assumptions that there is no impairment to the goodwill as at 30 June 2017.

The management will supervise any changes that can occur at year 2017 which will derive the management to re-measure the Goodwill.

8 INVENTORIES

	30 June 2017 (Reviewed)	31 December 2016 (Audited)
Jet fuel oil	61,929,870	51,460,585
Materials and spare parts	117,602,571	93,509,231
Heavy fuel oil	7,813,408	59,887,104
Diesel fuel oil	113,739,187	99,698,682
Retail stores inventory	29,060,209	26,207,735
Refined fuel oil – super grade	7,683,939	3,423,164
Refined fuel oil – premium grade	7,133,285	3,219,225
Other inventory items	3,760,524	7,966,658
	<u>348,722,993</u>	<u>345,372,384</u>
Less: provision for slow moving items	(4,990,250)	(64,877,354)
	<u>343,732,743</u>	<u>280,495,030</u>

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9 TRADE RECEIVABLES

	30 June 2017 (Reviewed)	31 December 2016 (Audited)
Trade receivables	2,257,808,899	2,411,505,674
Less: impairment of trade receivables	(117,557,207)	(83,398,387)
	<u>2,140,251,692</u>	<u>2,328,107,287</u>

The Group believes that the unimpaired amounts that are past due by more than 30 days are still collectible, based on historic payment behavior and extensive analysis of customer credit risk, including underlying customers credit ratings, when available. Most of the above receivables are either secured against a bank guarantee or are receivables from government entities.

The movement in the impairment of trade receivables is as follows:

	30 June 2017 (Reviewed)	31 December 2016 (Audited)
Balance at 1 January	83,398,387	1,835,849
Provided during the year	34,158,820	81,562,538
Balance at 30 June / 31 December	<u>117,557,207</u>	<u>83,398,387</u>

10 CASH AND CASH EQUIVALENTS

	30 June 2017 (Reviewed)	31 December 2016 (Audited)
Cash	64,016,282	789,595
Current and call accounts	975,805,433	656,782,505
Fixed deposits	1,600,907,753	2,510,462,696
Cash and cash equivalents	<u>2,640,729,468</u>	<u>3,168,034,796</u>

11 SHARE CAPITAL

	30 June 2017 (Reviewed)	31 December 2016 (Audited)
Authorized 100,000,000 ordinary shares of QR 10 each	<u>1,000,000,000</u>	<u>1,000,000,000</u>
Issued 99,425,576 ordinary shares (2016: 91,216,125 shares) of QR 10 each	<u>994,255,763</u>	<u>912,161,250</u>

12 DIVIDENDS

The shareholders of the company approved at the Annual General Assembly meeting held on 5 March 2017 a cash dividend of QR 7 per share to shareholders with a total amounting to QR 638,512,875 for the year ended 31 December 2016 in addition to the 9 bonus shares for each 100 shares held in the Company. (2016: the shareholders approved a cash dividend of QR 8.2 per share with a total amounting to QR 692,566,875).

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13 RELATED PARTY DISCLOSURE

These represent transactions with related parties, i.e. shareholders, directors and senior management of the Group and the companies of which they have a significant influence on it. Pricing policies and terms of these transactions are approved by the Group's management.

a) Transactions made with related parties

Transactions with related parties included in the interim condensed consolidated statement of income are as follows:

	30 June 2017 (Reviewed)	30 June 2016 (Reviewed)
Qatar Petroleum / Purchases	6,843,101,506	5,255,357,852
Qatar Petroleum / Sales	67,659,017	82,067,881

b) Due from related parties

	30 June 2017 (Reviewed)	31 December 2016 (Audited)
Ras Gas	16,846,421	13,535,717
Gulf Helicopters Q.S.C.	4,957,376	2,937,420
Gulf Drilling International ("GDI") Q.S.C.	6,219,774	3,596,259
Qatar Aluminium (Qatalum)	541,622	1,010,670
Qatar Steel Company Q.S.C.	590,827	1,330,523
Qatar Petrochemical Company ("QAPCO") Q.S.C.	811,266	1,510,090
Qatar Fuel Additives Company ("QAFAC") C.Q.S.C.	1,956,390	2,825,004
Qatar Chemical Company Ltd ("Q-Chem")	1,174,315	759,390
Amwaj Catering Services	4,261,144	1,315,625
Qatar Fertiliser Company ("QAFCO") C.Q.S.C.	170,030	260,437
Oryx GTL	503,677	827,987
Qatex Limited	3,491,079	631,329
Al Shaheen Well Services Co.	2,000	6,370
Seef Ltd.	38,077	40,871
Gasal Q.S.C.	-	13,473
Qatar Holding Co.	53,412	53,412
Qatar Gas Operation Co. Ltd.	10,049,434	6,313,763
Qatar gas operating company	36,873	33,040
Dlala Brokerage - current account	10	-
Qatar Petroleum	356,768,867	447,260,751
	<u>408,472,594</u>	<u>484,262,131</u>

c) Due to related parties

	30 June 2017 (Reviewed)	31 December 2016 (Audited)
Qatar Petroleum	2,933,646,915	3,423,039,289

d) Compensation to key management personnel

	Six month period ended 30 June 2017 (Reviewed)	2016 (Reviewed)
Salaries and other short term benefits and post-employment benefits	18,711,510	20,181,528

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14 REVENUE

	Six months ended 30 June	
	2017	2016
	(Reviewed)	(Reviewed)
Sales of refined petroleum products	6,242,294,984	5,011,214,064
Sales of petrol stations	1,632,291,633	1,176,001,389
Revenues from inspection services	38,167,100	39,585,294
Sales of lubricants and supplies	10,214,579	3,343,728
Marine Services	23,522,263	-
	<u>7,946,490,559</u>	<u>6,230,144,475</u>

15 BASIC EARNING PER SHARE

Basic earnings per share is calculated by dividing the net profit for the period attributable to the owners of the Group by the weighted average number of ordinary outstanding shares during the period as follows:

	Six months ended 30 June	
	2017	2016
	(Reviewed)	(Reviewed)
Profit for the period attributable to the owners of the Company	<u>373,044,170</u>	<u>540,367,990</u>
Weighted average number of shares outstanding during the period	<u>99,425,576</u>	<u>99,425,576</u>
Basic earnings per share	<u>3.75</u>	<u>5.43</u>

16 CONTINGENT LIABILITIES

	30 June 2017	31 December 2016
	(Reviewed)	(Audited)
Bank Guarantee	<u>11,043,778</u>	<u>4,961,278</u>
Letters of credit	<u>55,807,177</u>	<u>57,961,391</u>

17 CAPITAL COMMITMENTS

	30 June 2017	31 December 2016
	(Reviewed)	(Audited)
Construction of petrol stations	101,574,612	185,143,753
Construction of other projects	<u>72,061,374</u>	<u>-</u>
	<u>173,635,986</u>	<u>185,143,753</u>

Capital commitments for the 6 months period of 2017, represents the construction of 11 petrol stations and the other projects represent construction of bitumen plant QR 173,635,986 (2016: QR 185,143,753 was related to 12 petrol stations)

18 SIGNIFICANT MATTER

As at 30 June 2017, the Group has an exposure against one supplier resulted from price differences for the previous financial years. The Group is recording the purchases based on the approved price formula, while the supplier is recording those sales differently.

Due to the significance of the disputed balances, the Group's Management held many meeting with the supplier's management and all other concerned parties to resolve this dispute at the earliest.

Management is of the view that there is no additional liability on the Group, as they believe that there is no base for any additional claims, and that this matter will be resolved.

19 COMPARATIVE FIGURES

Comparative figures for the previous period / year has been reclassified, where necessary, in order to conform to the current period's presentation. However, such reclassifications did not have any effect on the net profit or equity of the comparative period / year.